

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: ATMOS ENERGY CORPORATION	DOCKET NO. EEP-03-3
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**ORDER APPROVING PLAN, CANCELING PROCEDURAL SCHEDULE,
AND REQUIRING ADDITIONAL FUNDING AND INFORMATION**

(Issued July 21, 2003)

On May 30, 2002, the Utilities Board (Board) issued an order directing Atmos Energy Corporation (Atmos) to file its new energy efficiency plan on or before March 31, 2003. Atmos filed its proposed plan on March 28, 2003. Atmos provides natural gas service in Iowa so the plan contained gas programs only. The Board docketed the filing, identified as Docket No. EEP-03-3, and established a procedural schedule by order issued April 22, 2003.

The Consumer Advocate Division of the Department of Justice (Consumer Advocate) is the only other party to this proceeding. On May 27, 2003, Consumer Advocate filed a response to Atmos's plan stating that Atmos and Consumer Advocate had resolved all issues during the collaborative process before the plan filing. Consumer Advocate said it had thoroughly reviewed the proposed plan and found that it adequately and accurately reflects all of the outstanding issues previously resolved between Atmos and Consumer Advocate. Consumer Advocate recommended that the plan be approved and implemented as soon as possible.

The Board has reviewed the new plan and does not have any questions regarding the plan that would require a hearing. Therefore, the remainder of the procedural schedule, including the hearing scheduled for September 16, 2003, will be canceled.

While a formal settlement was not filed in this proceeding, the fact that the filed plan reflects the agreements between Atmos and Consumer Advocate makes the Board's review similar to that of a formal settlement. Subrule 199 IAC 7.2(11) provides that the Board will not approve a settlement unless it "is reasonable in light of the whole record, consistent with law, and in the public interest." The Board finds that the filed plan meets these standards and will approve it.

The plan provides for low-income weatherization, school-based energy education, and a small commercial energy audit. The school-based energy education program includes distribution of water-heating energy efficiency kits, such as faucet aerators and showerheads. The plan as a whole and each individual program were shown in the filing to be cost-effective.

The Board will require one modification to the plan's budget. The Board does not believe the amount included in Atmos's plan for low-income weatherization is sufficient, particularly given the significant possibility of substantially increased natural gas prices this winter. Increased gas prices have a disproportionate impact on low-income customers because of the percentage of their income used to pay for heating. While the filing does not contain sufficient information to determine an

appropriate amount, the amount included, \$29,625 per year, appears clearly inadequate and the Board will direct Atmos to double its budget for low-income weatherization to \$59,250 per year, beginning January 1, 2004. The Board's staff contacted the parties regarding the potential for increased low-income funding and neither party wanted a hearing on the issue. This level of funding brings Atmos more in line with the per capita low-income funding of other electric and gas utilities serving Iowa retail consumers.

In order to determine whether low-income funding should be increased further, the Board is directing other utilities to file reports on low-income weatherization on or before September 1, 2003. For example, in its order regarding Interstate Power and Light Company's (IPL) energy efficiency plan, the Board ordered IPL to conduct research and file a report on low-income weatherization on or before September 1, 2003. See, Interstate Power and Light Company, "Final Decision and Order," Docket No. EEP-02-38 (6/3/03). Because Atmos serves only a small number of customers in Iowa, the Board is concerned that requiring Atmos to file such a report would impose a substantial cost burden on the utility. Therefore, instead of mandating a report, the Board will require Atmos to file comments appropriate to its situation on low-income weatherization on or before October 1, 2003. This will allow Atmos an opportunity to review IPL's report, and the reports of other utilities, that are due September 1, 2003, prior to filing any comments. Atmos's comments should include information on an

estimate of funds needed to complete low-income weatherization for all eligible Atmos customers by December 31, 2013.

Information regarding the entire plan is needed for ongoing review by the Board and other interested persons. Atmos will be required to file a comprehensive annual report for the previous calendar year of implementation on or before May 1 of each year, beginning in 2004. The first comprehensive report must address information for the calendar years 1999 through 2003. The report shall include at least the following:

1. Data for the previous calendar year on planned and actual expenditures, planned and actual energy and capacity savings, and planned and actual participation.
2. Data reporting for the previous calendar year on the actual number of energy efficiency measures, audits, or other actions taken by customers, listed by program and within programs by type of measure or action.
3. Short narrative descriptions of the implementation of each program.

IT IS THEREFORE ORDERED:

1. The energy efficiency plan filed by Atmos Energy Corporation on March 28, 2003, is approved.

2. Effective January 1, 2004, Atmos shall double the annual amount in its plan for low-income weatherization programs.

3. Atmos shall file a comprehensive annual report on or before May 1 of each year, beginning May 1, 2004, containing the information described in this order.

4. Atmos shall file comments regarding low-income weatherization on or before October 1, 2003.

5. The procedural schedule issued April 22, 2003, including the hearing scheduled for September 16, 2003, is canceled.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Sharon Mayer
Executive Secretary, Assistant to

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 21st day of July, 2003.